

1 DAVID S. KAHN (NEVADA BAR NO. 7038)
2 SHERI M. THOME (NEVADA BAR NO. 8627)
3 J. SCOTT BURRIS (NEVADA BAR NO. 10529)
4 **WILSON ELSEER MOSKOWITZ EDELMAN & DICKER LLP**
5 300 South Fourth Street, 11th Floor
6 Las Vegas, NV 89101
7 Tel: (702) 727-1400 / Fax: (702) 727-1401
8 david.kahn@wilsonelser.com
9 sheri.thome@wilsonelser.com
10 J.Scott.Burris@wilsonelser.com
11

12 – and –

13 Alejandro J. Fernandez (*Pro Hac Vice* Pending)
14 **FELDMAN GALE, P.A.**
15 400 N. Tampa St., Suite 2830
16 Tampa, Florida 33602
17 Telephone: 305-358-5001
18 afernandez@feldmangale.com
19 Michael Hogan (*Pro Hac Vice* Pending)
20 **FELDMAN GALE, P.A.**
21 1700 Market Street, Suite 3130
22 Philadelphia, PA 19103
23 Telephone: 267-414-1300
24 mhogan@feldmangale.com
25

26 *Attorneys for Plaintiffs*

27 **UNITED STATES DISTRICT COURT**
28 **DISTRICT OF NEVADA**

19 HAND & NAIL HARMONY, INC., and
20 NAIL ALLIANCE, LLC,

21 Plaintiffs

22 vs.

23 DOES 1-1000, inclusive,

24 Defendants

CASE NO.: 2:12-cv-01212

**ORDER GRANTING
PLAINTIFFS' EMERGENCY EX
PARTE MOTION**

26 THIS CAUSE is before the Court on the Emergency *Ex Parte* Application by Plaintiffs Hand
27
28

1 & Nail Harmony, Inc. a California corporation ("Harmony") and Nail Alliance, LLC, a Delaware
 2 limited liability corporation ("Nail Alliance", collectively "Plaintiffs") for:

3 (A) Temporary Restraining Order and Seizure Order;

4 (B) Order to Show Cause Why a Preliminary Injunction Should Not Issue;

5 (C) Substitute Custodian Order;

6 (D) Expedited Discovery Order; and

7 (E) an Order Temporarily Sealing the Court File

8
 9 against Various John Does 1-1000 (collectively "Defendants"), for alleged violations of the Lanham
 10 Act, 15 U.S.C. § 1114, 1116(d).

11 For the reasons set forth herein, Plaintiffs' Emergency *Ex Parte* Application is GRANTED.

12 I. FACTUAL BACKGROUND

13 The Court bases this Order on the following facts from Plaintiffs' Complaint, Application,
 14 and supporting evidentiary submissions.

15 Harmony promotes, distributes and sells an enormously successful line of patent-pending,
 16 soak-off gel polishes under the brand name GELISH ("GELISH goods"). GELISH goods are made
 17 in America and are of exceedingly high quality, durability, consistency and beauty. (Affidavit of
 18 Danny Haile ("Haile Affidavit") ¶ 11). They are sold in an elegantly adorned, distinctive bottle as
 19 illustrated in Figure 1 below. (Haile Affidavit ¶ 12)



FIGURE 1: GENUINE GELISH BRAND SOAK-OFF NAIL POLISH

Harmony invests millions of dollars in promoting its GELISH goods in the United States and throughout the world. (Haile Affidavit ¶ 18) For example, Harmony invests millions of dollars promoting GELISH goods at trade shows around the world, as well as in an expansive number of print and online trade publications. (Haile Affidavit ¶ 18) Online, Harmony developed a highly visited website (www.nailharmony.com) and corporate pages on social media sites, such as Facebook. Harmony has even produced popular online advertisements, including one video that has been viewed more than 2.5 *million* visitors. (Haile Affidavit ¶ 19)

Nail Alliance is a holding company that owns the rights to United States Trademark Registration Numbers 4,096,115 (GELISH standard character mark) and 3,857,946 (GELISH design plus words), together with all other common law trademark and trade dress rights associated with the GELISH goods (collectively, “GELISH marks”). (Haile Affidavit ¶ 5, Exhibit 2) Harmony is the exclusive, worldwide licensee of Nail Alliance as relates to the GELISH goods and the GELISH marks. (Haile Affidavit ¶ 6)

The GELISH standard character mark and GELISH design plus words marks are valid and registered in class 3 for use in connection with nail care preparations. Each of the GELISH goods incorporates the ® symbol to notify others that the mark GELISH is the subject of federal trademark registrations.

The GELISH marks are symbols of Harmony’s quality, reputation and goodwill and have never been abandoned. Moreover, the GELISH marks are instantly recognizable and associated exclusively with Harmony throughout the world by consumers. Accordingly, the GELISH marks are famous marks as the term is defined in the Lanham Act, 15 U.S.C. § 1125 (c).

Unfortunately, the commercial success of Harmony’s GELISH goods has attracted numerous counterfeiters that are bent on syphoning Harmony’s profits at the expense of Harmony and unwary

1 consumers. Defendants flagrantly promote and sell deeply-discounted, spurious, counterfeit or
2 colorable imitations of GELISH goods (“Counterfeit Merchandise”) to boutiques and end users in
3 attendance at trade shows. (Haile Affidavit ¶ 21) As early as Cosmoprof North America 2010 in
4 Las Vegas, and as recently as Cosmoprof Italy in March 2012, Defendants have attended Cosmoprof
5 trade shows to sell Counterfeit Merchandise. (Haile Affidavit ¶ 21) As the demand for GELISH
6 goods has increased, so too it appears, has the presence of Defendants at Cosmoprof and other trade
7 shows. (Haile Affidavit ¶ 25)

8
9 Cosmoprof North America, held in Las Vegas, Nevada between July 22 and July 24, 2012,
10 will be an irresistible venue for Defendants’ counterfeiting activities. Cosmoprof North America is
11 *the* premier trade show in the United States beauty industry. Last year, Cosmoprof was attended by
12 more than 25,000 visitors from 105 countries. (Exhibit 3) Given the size of this show, and the
13 increasing popularity of trade shows as a place for Defendants to sell Counterfeit Merchandise, there
14 is a very high likelihood that Defendants will be present and aggressively promoting and selling
15 Counterfeit Merchandise at Cosmoprof North America 2012.

16
17 Defendants’ Counterfeit Merchandise is presented in bottles nearly identical in every
18 material aspect to genuine GELISH goods. (Haile Affidavit ¶ 23) As illustrated below, Defendants
19 have the temerity to copy the “patent pending” notice below the color window. Figures 2 below,
20 illustrates an example of Counterfeit Merchandise manufactured in China and unlawfully imported
21 into the United States and this judicial district.



FIGURE 2: EXAMPLES OF COUNTERFEIT MERCHANDISE

Given the similarity between the Counterfeit Merchandise bottles and genuine GELISH goods, it is an undeniable reality that consumers presented with the Counterfeit Merchandise will be confused regarding its source.

The purported soak-off gel polish sold in the Counterfeit Merchandise is of inferior quality. (Haile Affidavit ¶ 24) The Counterfeit Merchandise is commonly manufactured by large-scale, professional manufacturing shops located in counterfeiting safe havens, such as the People's Republic of China. (Exhibit 4) Such facilities are well-known for using the cheapest quality, and sometimes hazardous, ingredients of questionable origin. Defendants generally sell Counterfeit Merchandise at a per-unit price range between approximately \$2 and \$20, depending on the volume of units purchased.

II. CONCLUSIONS OF LAW

The Declarations and accompanying Exhibits submitted in support of its Application amply support the following conclusions of law:

A. Plaintiffs have a very strong probability of proving at trial that consumers are likely to be confused by Defendants' advertisement, promotion, sale, offer for sale, and/or distribution of nail

1 care preparations bearing counterfeits, reproductions, and/or colorable imitations of the GELISH
2 marks, in that they have shown they are the owners of valid trademarks and that products Defendants
3 are selling and offering for sale are copies of Plaintiffs' products that bear copies of Plaintiffs' Marks
4 on nail care preparations;

5 B. Because of the infringement of the GELISH marks, Plaintiffs are likely to suffer
6 immediate and irreparable injury if a temporary restraining order is not granted. It clearly appears
7 from the following specific facts, as set forth in Plaintiffs' Complaint, Motion, and accompanying
8 declarations, that immediate and irreparable loss, damage, and injury will result to Plaintiffs and to
9 consumers before Defendants can be heard in opposition unless Plaintiffs' request for *ex parte* relief
10 is granted:
11

12 1. Defendants appear to be operating a wholesale distribution business which is
13 manufacturing, offering for sale and selling nail care preparations bearing counterfeit and infringing
14 trademarks in violation of Plaintiffs' respective rights;
15

16 2. Plaintiffs have well-founded fears that more counterfeit and infringing
17 products bearing its trademarks will appear in the marketplace; that consumers may be misled,
18 confused, and disappointed by the quality of these products, resulting in consequent injury to
19 Plaintiffs' reputation and goodwill; and that Plaintiffs may suffer loss of sales for their genuine
20 products;
21

22 3. Plaintiffs have well-founded fears that if they proceed on notice to the
23 Defendants on this Application, Defendants will secret, conceal, destroy, sell off, or otherwise
24 dispose of their counterfeit and infringing goods, the computers and infringing goods, and the
25 business records relating thereto and/or inform their suppliers and others of Plaintiffs' claims with
26 the result that those suppliers and others may also secret, conceal, sell off, or otherwise dispose of
27 counterfeit or infringing goods and records relating thereto in their possession and control;
28

1 C. The balance of potential harm to the Defendants in restraining their trading in
 2 counterfeit goods if a temporary restraining order, seizure order, order and substitute custodian order
 3 are issued is far outweighed by the potential harm to Plaintiffs, their reputation and goodwill as a
 4 manufacturer of high quality products if such relief is not issued;

5 D. The public interest favors issuance of the temporary restraining order and seizure
 6 order in order to protect Plaintiffs' trademark interests and the public from being defrauded by the
 7 palming off of counterfeit goods as the Plaintiffs' genuine goods; and

8 E. An order other than an *Ex Parte* Seizure Order is not adequate to achieve the
 9 purposes of 15 U.S.C. § 1114.
 10

11 Upon review of Plaintiffs' Complaint, Motion, and supporting evidentiary submissions, it is
 12 hereby

13 ORDERED the Plaintiffs' Emergency Ex Parte Application is GRANTED, according to the
 14 terms set forth below:

15 **TEMPORARY RESTRAINING ORDER**

16 (1) Defendants, their respective officers, directors, employees, agents, subsidiaries,
 17 distributors, and all persons in active concert or participation with Defendants are hereby temporarily
 18 restrained:
 19

20 (a) From manufacturing, importing, advertising, promoting, offering to sell, selling,
 21 distributing, or transferring any products bearing any of the GELISH marks
 22 identified in Section I or the trade dress associated with the GELISH goods,
 23 above, or any confusingly similar mark, other than those actually manufactured or
 distributed by Plaintiffs;

24 (b) From communicating, directly or indirectly, with any person or persons (i) from
 25 whom Defendants purchased or obtained products bearing any of the GELISH
 26 marks identified in Section I above; (ii) to whom Defendants sold or offered to
 sell these products; or (iii) whom Defendants knows or reasonably believes to
 possess, control, or have access to any these products;

27 (c) From otherwise communicating, directly or indirectly, with any person(s) about
 28 this action, or Plaintiffs' Motion for this Order, except for Defendants' attorney or

attorneys;

(d) From secreting, concealing, destroying, selling off, transferring, or otherwise disposing of: (i) any products, not manufactured or distributed by Plaintiff, bearing any of the GELISH marks, or any confusingly similar marks, or trade dress; or (ii) any evidence relating to the manufacture, importation, sale, offer for sale, distribution, or transfer of any products bearing any of the GELISH Marks, or any confusingly similar marks;

(e) Knowingly instructing, aiding or abetting any other person or business entity in engaging in any of the activities referred to in subparagraphs (a) through (d) above.

(2) This Temporary Restraining Order shall expire 10 days after its issuance unless Plaintiffs show good cause as to why it should be extended or Defendants consent to its extension;

SEIZURE ORDER

(3) Pursuant to 15 U.S.C. § 1116(d)(9), the United States Marshals or other Federal or law enforcement officials (such as officers or agents of the United States Customs Service, Secret Service, Federal Bureau of Investigation, or Post Office) or State or local law enforcement officers, together with Plaintiffs' representatives, are hereby authorized to use the reasonable force necessary to carry out the seizure as provided herein and Defendants shall surrender for seizure:

(a) all counterfeit products bearing any of the GELISH marks, or any other marks substantially indistinguishable from the GELISH marks; and

(b) all documents, things, and records of any kind relating to the importation, purchase, acquisition, manufacture, insurance of, advertising, promotion, sale, offering for sale, distribution, and transfer of such products, including, but not limited to, computer disks, CD ROMs, computer hardware, and other magnetically or electronically stored information, as provided by 15 U.S.C. § 1116(d)(i)(A).

The United States Marshals or other Federal, State, or local law enforcement officers executing this Order may look for the documents and things to be seized and may appoint any other persons, including Plaintiffs' counsel, investigators and other representatives, to assist in the identification of goods, manufacturing equipment, and relevant records and the execution of this Seizure Order;

(4) Plaintiff, through its counsel, investigators and other representatives, are authorized

1 under the supervision and with the assistance of the United States Marshals or other Federal, State,
2 or local law enforcement officers, to take all necessary steps to secure and remove all property and
3 documents identified in Paragraph (3) above which are located at the following address:

4 Cosmoprof North America 2012 Trade Show
5 Mandalay Bay Hotel Convention Center

6 Should Plaintiffs learn of any other warehouse, storage facility, or office where Defendants are
7 manufacturing, warehousing, holding or storing counterfeit nail care preparations bearing any of the
8 GELISH marks or any confusingly similar marks, Plaintiffs shall notify the Court prior to seizing
9 any goods therein;

10 (5) Plaintiffs and/or their designees may videotape and take photographs and notes of the
11 seizure. However, such videotape and photographs are not to be published to anyone other than the
12 Court, Defendants and their legal representatives, and Plaintiffs and their agents and legal
13 representatives without further order of the Court;

14 (6) Only the property listed in this Order shall be seized and impounded, and due care
15 shall be taken by the United States Marshals or other law enforcement officers, their appointed
16 assistants, and Plaintiffs' representatives to preserve and keep in good order Defendants' property
17 and assets which are not related to the manufacture, packaging, importation, sale, or distribution of
18 the alleged counterfeit products referred to above;

19 (7) Anyone interfering with the execution of this Order is subject to arrest by the United
20 States Marshals or other Federal, State, or local law enforcement officers executing this Seizure
21 Order;

22 (8) The seizure shall take place on or about July 22-July 24, 2012 at Cosmoprof North
23 America 2012, but not later than seven (7) days after the issuance of this Order occurring in the
24 United States pursuant to 15 U.S.C. § 1116(d)(5)(C).

25 (9) Per 15 U.S.C. § 1116(d)(10), a hearing shall take place not sooner than ten (10) days
26
27
28

1 after the order is issued and not later than fifteen (15) days after the order is issued, namely, on
2 August 3, 2012 at 1:30 pm unless Plaintiffs show good cause for another date, or unless
3 Defendants consent to another date. The hearing shall address (1) execution of the seizure of the
4 allegedly counterfeit goods from Defendants; (2) Plaintiffs' requested entry of a preliminary
5 injunction; (3) Plaintiffs' request to expedite discovery; and (4) the amount of the bond Plaintiffs
6 should be required to post;

7 (10) If after the seizure of goods outlined above takes place, Defendants obtain additional
8 counterfeit goods as described above, whether by manufacturing, importation, delivery, or otherwise,
9 Defendants shall immediately notify the Court and deliver same into the custody of Plaintiff's
10 counsel or to the United States Marshal to deliver to Plaintiff's counsel.

12 **BOND TO BE POSTED**

13 (11) Prior to the execution of the Seizure Order above, per 15 U.S.C. § 1116(d)(5)(D),
14 Plaintiffs shall post a bond in the amount of five thousand dollars (\$5,000.00), as payment of
15 damages to which Defendants may be entitled for a wrongful attempted seizure, and shall file proof
16 of the bond. Any issue as to the adequacy of the bond must be raised at the hearing on
17 August 3, 2012.

19 **SUBSTITUTE CUSTODIAN ORDER**

20 (12) Plaintiffs, through their counsel, investigators and/or representatives, will account
21 completely for all property seized pursuant to this Order and shall compile a written inventory of all
22 such property and shall provide a copy to the United States Marshal, who shall include a copy with
23 his Return to the Court;

24 (13) Plaintiffs' counsel, Feldman Gale, P.A. and Wilson, Elser, Moskowitz, Edelman &
25 Dicker, LLP will act as substitute custodians of any and all property seized pursuant to this Order
26 and shall hold harmless the United States Marshals Service or other Federal, State, or local law
27
28

1 enforcement officers executing this Seizure Order and their employees from any and all claims
 2 asserted in any court or tribunal arising from any acts, incidents, or occurrences in connection with
 3 the seizure and possession of any of the Defendants' property, including any third-party claims. Any
 4 and all products seized pursuant to this Order shall be maintained at a secured storage facility.
 5 Defendants' counsel shall have supervised access to the stored goods and the seized business records.

6 **COMPLIANCE REPORT**

7
 8 (14) Defendants shall file with the Court and serve on counsel for Plaintiffs within five (5)
 9 days after the service of this Order, a report in writing and under oath, setting forth in detail the
 10 manner and form in which Defendants have complied with this Order. Specifically, the report shall
 11 include a Certification that:

- 12 (a) The Defendants have identified and surrendered to law enforcement officials and
 13 the Substitute Custodian all documents and property subject to seizure pursuant to
 14 Paragraphs II.(3)(a) through (c) above;
- 15 (b) The Defendants have not discussed the Plaintiffs' Application, this Seizure Order
 16 or any aspects of the above-captioned case with any persons or entities other than
 17 those identified in Paragraphs II. (1)(b) and (c) above;
- 18 (c) Defendants have not knowingly instructed, aided or abetted any other person or
 19 business entity engaging in any of the activities referred to in sub paragraphs II.
 20 (1)(a) through (d) above.

21 **ORDER TO SHOW CAUSE WHY A PRELIMINARY INJUNCTION** 22 **SHOULD NOT ISSUE AND ORDER OF NOTICE**

23 (15) Upon the Complaint herein and Motion for Order to Show Cause Why a Preliminary
 24 Injunction Should Not Issue, Defendants are hereby ORDERED to show cause before this Court in
 25 the United States Courthouse located at 333 Las Vegas Blvd. Las Vegas, Nevada on
 26 Courtroom 6A
 27 August 3, 2012 at 1:30 pm or at such other time that this Court deems appropriate, why an order
 28 should not issue pursuant to FED. R. CIV. P. 65(a), granting the injunctive relief in Plaintiffs'
 Application for Order to Show Cause Why a Preliminary Injunction Should Not Issue;

(16) Service or delivery of copies of this Order and the papers in support thereof on

1 Defendants or their attorneys at the time of the seizure or within two (2) days after the seizure if
2 there is no party present at the seizure that is authorized to accept service, shall be given and as so
3 given shall be deemed good and sufficient service thereof. All seized business records shall be
4 copied and returned to the Defendants or their counsel within three (3) business days from the date
5 of the seizure ordered herein.

6 (17) Opposing papers, if any, shall be filed with the Court and served by hand on
7 Plaintiffs' counsel, forty-eight (48) hour prior to the hearing set for August 3, 2012.

8 Plaintiffs shall file any Reply Memorandum on or before 12 noon August 2, 2012 The above
9 dates may be revised upon stipulation by all parties to a continuance or upon agreement to maintain
10 the status quo.

11 (18) Defendants are hereby on notice that failure to appear at the show cause hearing may
12 result in the imposition of a preliminary injunction against them pursuant to 15 U.S.C. § 1116(d) and
13 FED. R. CIV. P. 65.

14 **EXPEDITED DISCOVERY**

15 (19) Plaintiffs are authorized to immediately propound requests for production of
16 documents and interrogatories, and the Defendants are hereby required to serve their responses
17 within three (3) days of service of the Plaintiffs' request. Plaintiffs are authorized to take
18 depositions immediately of the Defendants.

19 ///

20 ///

21 ///

22 ///

23 ///

24 ///

SEAL ORDER

(20) Pursuant to 15 U.S.C. § 1116(d)(8), this Order, together with the supporting documents, shall be sealed until Defendants have had an opportunity to contest this Order, except that Defendants shall have access to this Order and supporting documents after the seizure has been carried out.

DONE AND ORDERED in Las Vegas, Nevada, this 19th day of July, 2012, at 9:00 am.


UNITED STATES DISTRICT JUDGE

Submitted by:
WILSON, ELSE, MOSKOWITZ, EDELMAN & DICKER LLP

By: /s/David S. Kahn
David S. Kahn (Nevada Bar No. 7038)
Sheri M. Thome (Nevada Bar No. 8627)
J. Scott Burris (Nevada Bar No. 10529)
300 South Fourth Street, 11th Floor
Las Vegas, NV 89101